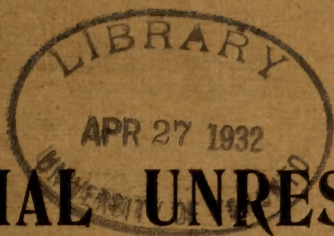


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**INDUSTRIAL UNREST**  
**AND**  
**TRADE UNION POLICY**

**CHARLES BOOTH.** (1840-1916)

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**PRICE TWOPENCE.**







# INDUSTRIAL UNREST

AND

# TRADE UNION POLICY

BY  
THE RIGHT HONOURABLE  
CHARLES BOOTH.

ALL LIFE RESTS UPON A BALANCE OF FORCES.  
WE STAND OR WALK OR FALL, MORALLY AND  
ECONOMICALLY, AS WELL AS PHYSICALLY,  
BY MANAGEMENT OR MISMANAGEMENT OF  
CONFLICTING FORCES.

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1913.

The suggestions put forward in this paper are a development of views I expressed in 1903. ["Life and Labour in London—Industry." Vol. V., pp. 308—314. Macmillan, 1903.] In formulating them I have again had the assistance of Mr. Ernest Aves.

C. B.

# INDUSTRIAL UNREST.

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## I.

The existing unrest in Labour questions reflects an attitude shared widely by all classes at the present time, characterised by a general unsettlement of balance. Thus it is not to be estimated by statistics of strikes, or by the extent of current disputes between employers and their workpeople, or by the results shown in success or failure of either party in the struggle, but rather by the degree of divergence of idea, by the width, and the widening of the chasm disclosed.

The change from the position forty years ago is great. Then all was hopeful expectation. Trade Unionism had shaken off the darker aspects of its earlier manifestation. It had secured public sympathy and legal recognition. The attitude of employers was on the whole not unfavourable, and while oppression was prevented and grievances were redressed, Trade Union leaders could confidently point to the peace-making influence exercised on the relations between master and man.

The situation was auspicious. Electoral reform had placed the possibility of full political power in the hands of the mass of the people; the spread of education promised to secure for the rising generation the mental equipment regarded as the main ingredient of social and industrial success; what might not be expected when time had matured the results of these blessings?

The *élite* of the workers themselves, acting through the unions, would foster and direct the improvement of industrial conditions, and might expect to secure for their class an adequate share in the flood of national prosperity to which Labour, well organised, could contribute so much. A noble aim was put forward, and for nearly two generations Trade Unionism has sustained a great and in the main an unselfish and wholesome effort which has raised the social standing of wage earners, and helped them to realise and use political



power. During the last decade, especially, a concerted attempt to fortify the political position of Trade Unionism in direct Parliamentary representation, and entrench it by special legislation, has been made; and has met with success sufficient, at any rate, to justify high hopes of political power, and even dreams of domination for the working class.

With such a substantial measure of success attained, how does it happen that the bright outlook of earlier days seems to have faded; to be succeeded by doubt, disappointment, heartburning, and disunion? And why, above all, should it seem to be especially among Trade Unionists that these feelings predominate, although others may appear to have greater cause for discontent with their lot?

It might be thought that the successes gained so far would have greatly inspirited Trade Unionists, and would have strengthened the bonds which united them in loyalty to their leaders. But it has not proved so. The development of the Parliamentary Labour Party has rather served to emphasise and bring under public notice the distrust with which great masses of the workers regard its action. In individual unions the same spirit is often shown, the rank and file manifesting an increasingly sullen and discontented spirit; at war with their leaders and not at one amongst themselves.

Disappointed hopes and the failure of high aims, aggravated by the consciousness of strength which cannot make itself felt, combine to give a crushing sense of "things in the saddle" and man not master of his fate.

Moreover, the divisions among Trade Unionists are repeated among those sympathisers who, up to now, have advanced along with them; on all sides there is a lack of agreement, no common counsel.

## II.

The explanation of the failure I believe to be economic. Simple economic relations between employer and employed in industry present seemingly little difficulty at any point. Mutual advantage might be expected to smooth the way. Yet it is not so; jealousy and temper, prejudice, passion and ill-will tend to

intervene and check every step forward in the industrial life of our country.

The blame lies upon us all; masters and men must share it; and onlookers, with their hasty and violent judgments, do not escape. But however the responsibility may be apportioned, the fact of serious economic loss and far more serious social loss, to both parties and to the whole community, remains.

It may be claimed, and may be true, that things would have been worse if we had had no Trade Unions at all; but as things are it is their economic failure that has marred their political and social success.

Trade Union policy has been too narrow; aimed too exclusively at amount and method of remuneration. Even as regards hours of work, reductions have been secured more by Parliamentary interference than by direct action of the unions; legal limitation being fought for and pushed forward philanthropically, for the sake of the children and the women, by outside political effort. Questions of comfort and dignity have been largely dependent on the goodwill and initiative of employers; while matters of health have been left too much to regulation by the Home Office: often more hindered than assisted by the workpeople individually, or even by their organisations.

On the economic side the general failure does seem to me indisputable. Trade Union action has done nothing for the creation and little if anything for the wider distribution of wealth; it has rarely aimed at increasing the efficiency of labour, and has added nothing to the general prosperity upon the upward wave of which its other successes have been carried; while the methods by which its aims have been developed have often and without sufficient justification hampered industry, decreased employment, and increased the cost of production.

Even as regards wages the effect genuinely produced by Trade Unions is questionable. They have, it is true, often opportunely pushed forward a rise or have successfully maintained the rate secured; but amongst the economic bases of wages collective bargaining has played but a small part. The wide range existing in rates of remuneration is surely due to other causes, as are also the general cyclic movements up or down; and it would seem that unionism itself, and the



kind of organisation found practicable, depend upon the scale of remuneration rather than the amount of remuneration on unionism.

Undoubtedly stronger organisation accompanies higher pay, but in each separate sphere of wage earning, from the highest to the lowest scale of remuneration, I can find no permanent and assured advantage for organised over unorganised labour, either in the earnings or in the security and continuity of employment. The unorganised have indeed been helped by the action of the organised, but what is more marked is that the conditions of employment in both have responded to influences common to the whole field of any industry.\*

As a general industrial policy collective bargaining appears indeed to have failed, or, at any rate, to have fallen far short of what was at one time hoped from it. The arrest is patent. We see leaders bewildered and men out of hand, while the strike loses its wholesome place as the *ultima ratio* in a bargain with employers, and, swollen to the uttermost, takes the shape of a political, or even revolutionary, movement.

Economic failure might not be too great a price to pay for political and social advantage, and the community might be content if the improvement secured in working conditions was in itself sufficient; or if the position reached in these ways possessed stability, so that more could be built on it. But there is no stability, and the main improvement shown cannot be credited to Trade Union action. The position as it is provides no lasting satisfaction and cannot stand. We are urged forward with divided counsels no one can say whither.

The cause of organised Labour is good. Its claim to recognition and a "place in the sun" cannot be denied, but the policy that has been adopted in the assertion of its claims is responsible for many of the evils which have caused industrial unrest.

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\* Agricultural labour possibly presents an exception; but its conditions are peculiar and somewhat outside of my present argument. On the other hand, domestic service is an instance of an employment, also peculiar in character, which has remained almost entirely unorganised, where the rise of wages has, perhaps, been greater, and the improvement of conditions in our time is more marked, than in any of the organised trades.



## III.

During the last decade wages have not responded to the increased cost of living, or to the rise in the accepted standard of life. Disappointment in the results achieved by collective bargaining has been bitter, but has led, not to a reversal of the policy, but to a continual demand for extension of the area over which the adopted policy can operate. "If it could only be made more complete," is the dominating idea, leading on to wider and wider action. From a single employ, or the employers of some one trade in a definite locality, to the whole of that trade wherever carried on; and then to allied trades, and so on to sympathetic strikes, and even to the suggestion of an all-round suspension of work in support of general or particular Trade Union demands.

This policy is very frequently tried in commerce, but not often with success. It is called cornering the market, and whether it succeeds or fails for the moment, it is ruinous to sound business enterprise, and in it the fatal need for progressive extension is always found.

The power to hold up the supply of labour collectively in order to enforce its claims is an ultimate resource never to be abandoned; but unless accompanied by other methods for strengthening the economic position of Labour, this policy can in itself have no lasting effect that will be beneficial. The results at best will be barren. Hopes dependent on the mere extension of area in collective bargaining are delusive—an *ignis fatuus* leading away from the solid ground into the marsh.

With ordinary commodities it rarely happens that consumers seek to protect themselves by permanent organisation, or a refusal to use the cornered articles. But as regards employment, an attempted labour corner always leads to combination among employers, in which lock-out answers strike in increasing areas, with the same monstrous progression.

There are those who look to this massing of opposing industrial forces in two great camps as being inevitable, and even desirable; but to me it seems quite unnecessary, and the results bad economically alike for the wage-earner, the employer, and the public, and inhuman.

## IV.

The old antithesis, Capital and Labour, has become more or less obsolete, but still clogs and confuses economic thought. Writers who begin by admitting the existence of a third element in industry constantly allow the consideration of that third element to drop out as their argument proceeds. And it is this third element that is all-important.

Its position is entirely lost under the title of superintendence. The word "enterprise" has been used, but is also quite inadequate as a description. Forethought, guidance, the capacity to plan, the nerve to execute, the whole genius of mind and character, all this living source of human welfare and progress, can hardly, indeed, be expressed in one word; yet, for convenience sake, and because it has been largely used, I will continue so to dub the force I have described.

So understood, enterprise, however maintained and controlled, is the dominant factor in every undertaking.

Capital relies on past accumulation, Labour on present activities, and Enterprise on future results. The responsibility of each is definite. All three may be represented in the person of one individual, and at all times must be so to some extent, but they are none the less essentially distinct factors.

Capitalists may share the responsibility of initiative and management, or those who conduct the undertaking may supply some of the capital needed; and the work of the responsible managers may be interlocked and interchangeable with that of some of their employees; but, however fulfilled, even by one man working alone on his own material, the three distinctive functions remain.

In every case stock or tools must be found, labour must be applied, and there must be enterprise to initiate and achieve the work.

Control of the other two may lie with any one of the three factors. In ordinary private undertakings capital is borrowed and labour employed. In Co-operative production for joint profit, those actually engaged in the work entrust some of their members, or a hired manager, with the conduct of the enterprise, while the initiative rests with themselves. In large capitalist undertakings those who find the money call the tune, and strive but



often fail to maintain control over those who, serving them as managers, actually carry on the enterprise, and are in effect the employers of the labour required. On this last basis, necessarily, all public work is done.

Successful industrial enterprise finds its normal reward and the measurable test of its industrial success in profit. Loss is the normal and measurable penalty of failure. The capitalist lends his money on terms, and looks to security as much as to the interest promised. Labour makes its bargain, individually or collectively; and how best to strengthen its position in this bargain is the immediate question.

With both Capital and Enterprise, the safer the venture the lower the remuneration that will be accepted by them; and the stronger the inherent position of Labour manifestly becomes. Failure, shrinkage, and stagnation—even uncertainty—close the avenues which are opened up by confidence, by actual achievement, and by the extensions and competition which attend success.

The power of Labour to influence success is great, but this power has generally been neglected, except in as far as it can be used as a threat to hamper or dislocate industry.

The formula of the economists, ignoring the part played by judgment and intelligence in the application of labour and capital, has been followed by the Karl Marx assumption of "undifferentiated human labour power," adopted by him for the convenience of his argument; and in a similar spirit collective bargaining has gone far in denial of the claims of special ability or merit.

In practice, the methods of collective bargaining have made a distinction between trade and trade, and have accepted skilled and unskilled, as representing a further broad division; but as regards individuals working in the same area at the same occupation, or belonging, as regards technical definition of skill, to the same class, it is, as a rule, only by means of piece-work (the detested and, it must be said, crude device of the employers) that the difference of earning power between one man and another is acknowledged.

Individual wage arrangements traverse collective bargaining both in theory and in practice; but there is, nevertheless, no incompatibility between the two principles; and worked in harmony, side by side, they could do much to support each other. That the workman's

opportunities depend on his employer's success seems almost a truism, but it is this point of view that has been neglected and needs now to be realised. It is not in Co-operative undertakings, and still less in employment furnished by the State, that the battle of the wage earners must be won, but in the field of ordinary private enterprise, with its elastic and inexhaustible opportunities for expansion.

It is a matter of practical trade politics for the workman to consider, individually as well as collectively, how best to take advantage of the situation as it offers, and play his game accordingly, if he would build better in the future. Moreover, the evil his cause has suffered from the neglect of these considerations in the past must be undone.

## V.

The accretions of wealth from the profits of industry, although considerable, are not so large as those resulting from other forms of accumulation. If not actually devoted to the development of the business from which they have arisen, they are more often invested than spent, and have comparatively little to do with the creation of the discontent caused by the spectacle of extravagant personal expenditure.

Apart from the investment of business profits, wealth accumulates in two ways; first, through savings out of incomes derived from wages and salaries, or the earnings of professional men or of artists of various kinds, or from the rent of property, or from interest on invested money; and secondly, as the result of direct increase in the capital value of existing investments.

These two forms of acquired wealth are loosely described as earned and unearned respectively, and are definitely though with difficulty distinguished in our system of taxation. The first has, as it came into existence, been liable for income tax; the other at present goes free, until a percentage is taken by the State on transfer at the death of the owner. In these forms of acquisition all classes participate more or less.

Such sources of wealth cannot be counted into the fund from which industrial enterprise draws its own remuneration and that of the labour it employs. And



the profits themselves which are available afford an insecure and unequal resource to draw upon for increased wages, since the wage bill in different industries varies greatly in proportion to the total of working expenses ; so that an upward movement might be of little consequence in one case, but out of all possibility in another, unless the charge is passed on to the consumer.

From all which it follows that the margin available for increase of wages (without raising the charges to the consumer) is rather closely limited, and must ultimately depend on efficiency and economy in working and in financial management.

The proportions in which the three methods of accretion operate differ from nation to nation, and from epoch to epoch in each country. During times of national expansion wealth comes like a wave, spreading "unearned increment" in all directions, and offering broadcast the opportunities which, for those ready to take advantage of them, constitute "good times." This has been our case and that of Germany, especially during the latter portion of the 19th century, and has happened most of all in America, though with sharp ups and downs, ever since the end of their civil war.

In a naturally rich country like France, with an old-established, careful population, the patient accumulations of "thrift" will, I suppose, outweigh all the rest. It is only, however, in the case of some new and hopeful land, which sees a future, and is borrowing capital for all it is worth, that actual accumulation of profit in industry may, for a while, stand first ; and in such cases wages invariably rule high.

But whatever the source, whether successful industry, or thrifty lives, or social expansion, all our wealth depends on the "going concern" ; apart from which everything would soon disappear, fall to pieces, collapse, shrivel up or wither away. In this sense it may all be said to rest upon industry.

## VI.

The narrow policy of hampering employers, which Trade Unionism has been too apt to use in support of the workman's side of the wage bargain, results in an exaggerated value being given to suddenness of attack. The ideal which I would traverse has been hit off by the

phrase "engagement by the minute," the underlying notion being that any time contract was an interference dangerous to the freedom of the working man. "Down tools" is the palladium clung to; and often the situation has readily been accepted by employers, who found in it, on their side, a tremendous engine of discipline.

Wage services acquire economic strength very largely in proportion to the measure of stability found in the industrial relationship. No one suffers more from the insecurity of business which brings about frequent changes than the working man; and the unions, in encouraging a habit of mind detaching the workpeople from sympathetic interest and pride in their special employ, have done more to reduce their labour to a minimum value than to guarantee them a minimum wage.

As to employment in the mass, the present Trade Union policy serves to undermine confidence. Contracts become difficult; calculations are uncertain and unsafe; risks are multiplied, and expenses are increased. Long views become impossible; timely preparations for future occasions are barred; all arrangements must be made from hand to mouth. The cost of production is increased, and business expansion checked.

These disadvantages have to be paid for, and their cost does not normally come out of profits, for it is necessarily taken into account in the planning of enterprise.

Individually, workmen who take an interest in their work do, by mere duration of service and the resulting experience, increase their value to the employer to a great extent; and in most cases special ways may be found of bringing an increase of usefulness which would fairly claim increased pay; while if this spirit permeates an entire employ, the employer, at ease about the loyalty with which he will be supported, can bring a fresher and keener mind to the many difficulties which face him and need solution.\*

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\* Every business has a special character of its own, but in most any man of average ability and fair industry, if he remain constant to one employer, may come to be regarded as indispensable in his own place and be valued accordingly. The recent investigation into German methods showed that many German firms give large retiring pensions to their old servants in order to encourage fixity of service, several of them paying a retiring allowance of full salary to those who have served 50 years. And they do wisely.



It is to such neglected values, to their appreciation and possible development in the interest of Labour, that I would draw attention. Here is no question of the tug of war. It is, indeed, essential that the employer and his staff should share in the aim and provide the opportunities, and some means must be found to safeguard permanently the interest of Labour in the advantages obtained, a perhaps difficult, but, with goodwill, not an insuperable, task. Both parties would profit, and the public would surely gain also. The highest value for labour and the greatest efficiency in the public service can only be realised if and when those, in whatever capacity, who exercise the functions of employer, and the employed, of every grade, work consciously together with a common aim, and regard capital simply as a tool to be obtained at the lowest possible price by being offered the best possible security.

## VII.

Often, in olden times, the husbandman tilled his field and gathered his crops armed to the teeth. Only yesterday, in Montenegro, under dread of raiders, men went about their work with a great belt stuck full of knives and pistols round their middles, and a rifle slung across their shoulders.

*Mutatis mutandis*, the present industrial position here in England is similar; we see avocations of peace pursued under conditions of war!

For this state of things the responsibility must be shared; whether pot or kettle began it, or what Mrs. Peerybingle said, is (as it always is) unimportant, but it is worth considering what salutary changes may be possible in the relations of employers and employed, however much they may abuse each other; or in those of the general public to either.

As regards the employed, my belief is that the present unrest reflects the mental condition that has resulted from disappointed hopes; that the failure of achievement is economic and demands a change in the methods of Trade Union action; and my suggestion is that recognition by labour of a common cause with employers furnishes the possible basis of a better policy for all directly concerned, without injury to public interests.

This policy would involve a distinction being drawn, from the workers' point of view, between one employer and another. In this direction one step has already been taken in the political effort to confine public work to "fair houses." The houses termed fair and benefited by this ordinance are those which either employ union labour or pay some accepted rate of wages, and have thus come within the sphere of collective bargaining. But that is all.

The step does not go far enough, nor is its action direct. It is a mistaken attempt to claim from the consumer a discrimination he is unfitted to exercise. Moreover, it does not follow that the relations of such firms with their employes are good. It is not necessarily the hardest employers who fret most under Trade Union interference; nor can it be assumed that the payment of standard wages depends on Trade Union pressure. Efficient free labour readily finds good employment. The Best Houses require good service, and whether they be "Union" or "Free," will pay full prices to secure it; and they, above all others, recognise the special value of continuity and goodwill in wage service.

A "common cause" does not by any means imply identity of interest between employers and employed, nor does the recognition of it demand special alliances, which are perhaps best avoided. Just as there will always be competition on some basis between one employer and another, so will contention, again on some basis, always remain at the bottom of whatever co-operation can be arranged between employers and employed—without doubt a useful rivalry in the one case and a wholesome struggle in the other.

The "fair house" policy, with broader definition of "fair" and a wider application, might do much if wisely used. The initiative in such action would lie with the Trade Unions; some advantage to be given to the "accepted" would stand as a disadvantage to the not accepted. Automatically, apart from open threat or actual strike, there would then be an all-round tendency to improve conditions of employment; a levelling upwards towards the accepted standard, and this standard itself would advance on sound lines.

Division in their own ranks is already recognised by employers. They have each their own ideas as to how



to deal with the men ; and finding agreement on this subject difficult, chafe within the rules of strict combination imposed upon them by Trade Union methods of attack.

Various and divergent as their general ideas may be, whether friendly or hostile in spirit, I doubt if any one among them would hold that the Trade Unions, as run at present, do anything apparent to benefit the working man.

If a change of policy be needed why, it may be thought, should the working man in particular be asked to make it ? Might not the employers make the first move ?

The course I suggest would be, in a sense, analogous to that adopted by employers who give a preference to non-union labour. It would be reasonable enough as a retort, and, although it may be considered as a war move, its success would, I believe, lead towards a better mutual understanding and the establishment of a balance of power which would make for peace.

This forecast points to *recognition* of the union as an essential ultimate condition of acceptance of even the most liberal of employers. But what shape the recognition expected should take, or in what shape it could voluntarily be granted by even the most sympathetic of employers, remains to be considered.

### VIII.

The views of the Syndicalists, Guild Socialists, and Socialists generally on the whole subject are very interesting and particularly useful to its discussion, from their extreme and logical character.

The French Syndicalists scout every notion of gradual movement towards the desired end. One of them writes :—

“ Directly we think of definite aims endless disputes arise. Some will say that their aims will be realised in a society without government. Others say that they will be realised in a society elaborately governed and directed. Which is right ? I do not take the responsibility of deciding. I wait to decide whither I am going until I shall have returned from the journey, which will itself have revealed whither I am actually going.”

“No more dogmas or formulas (writes another), no more futile discussions as to the future of society; no more comprehensive plans of social organisation; but a feeling of the fight, quickened by practice, a philosophy of action which accords pre-eminence to intuition, and which declares that the simplest workman in the heat of combat knows more about the matter than the most abstract doctrinaires of all the schools.”\*

The Guild Socialists in England occupy middle ground between Syndicalist and Socialist, and perhaps approach nearest in their aim to the proposals set forth in this paper. I venture to extract two paragraphs from the “New Age” of 14th August, 1913, in which the Editor puts his case with great ability and directness. He was dealing at the moment with affairs in South Africa, but his remarks have a general bearing:—

“Now what is the aim the industrial movement should set itself? It is not, of course, the return of Labour Members, for that is the business of the political section (if anybody’s, which we doubt). Nor is it the formulation of specific remedies for specific grievances; that is the business of the employers, and let them look to it on pain of seeing their profits reduced. The work of the industrial Trade Unionists is to pitch their object on such a plane as to include the smaller and subsidiary objects, and to strive for it as if none of the latter were of any concern. But the only object which answers to this description is the abolition of the wage system; and this, we say, should be the sole and single demand of every federation of unions in the world on the occasion of a strike as well as during industrial peace. Utopian it may sound, impracticable and remote it may appear, but there is no other end worth a strike; and, in addition, it is the implicit aim of the other proposed means. What, for example, is the ulterior object of Labour’s political action but emancipation from the wage-system? What, again, would a series of ‘reforms’ lead to unless to the abolition of the need of reform, that is, to the end of the wage-system? In stating their object to be the abolition of the wage-system the industrialists would therefore be merely avowing openly the object which the other sections conceal under

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\* I have borrowed these quotations from a very able paper by Sidney and Beatrice Webb on “What Syndicalism Means,” which contains also an excellent statement of their own proposals.



instrumental means. All sections have presumably the same end ; but only the industrial section can state this end without circumlocution. And both the means and the procedure are to our minds equally clear. There can be even less dispute about them than about the political apologia. Actually the political theory is defective, since it rests upon false assumptions. It assumes that the proletariat are in a majority, can be politically united, and can dispossess the capitalists of their property by merely voting them out of it. All three assumptions are ridiculously untrue. The assumptions of the industrial theory of emancipation, on the other hand, will bear examination. They are, first, that any union is capable of creating a complete monopoly of its labour ; secondly, that the possession by any union of this monopoly gives that union equal and direct power with the employers ; thirdly, that under such circumstances any union could successfully offer its partnership as a union to the State or to the employers. In either event, the wage-system, as far as that union is concerned, would be abolished. Instead of a wage determined by subsistence, the members of the union would receive pay determined by the value of their industry. But if this is possible to one union it is still more easy for a federation of unions such as exists in South Africa, and is gradually being formed in England. Sooner or later indeed the plan must be tried. Already the younger men in the unions are contemplating it, and the rising generation will see it put into operation. The South African movement, we repeat, has come near it ; before many more general strikes have occurred some Labour movement will have arrived triumphantly at it.

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“ But organised Labour has still a long row to hoe before even an incipient guild would be practical politics. In our opinion, what is wanted is a constraining motive. These labourers’ unions are very lightly constructed affairs, without special benefits, and with funds only equal to spasmodic strikes. This hardly constitutes a strong inducement to the non-unionist to join. We believe that the wise course for the men’s leaders to pursue would be to study and master all the implications of the wage-system, to realise the possibilities of guild organisation, and frankly to base their programme upon wage-abolition, labour monopoly, and the application of that monopoly to joint control with the State, with possibly joint control with the employers as a passing phase of the movement.

It is extremely interesting and encouraging to us to observe this growing reliance upon industrial action instead of Parliamentarism."

Wage-service, which as the key of the present industrial system the Guild Socialists attack and would discard, I seek to defend and would amend; but I am at one with them in regarding the existing industrial trouble as economic in character and beyond political cure: and as to the assumptions that underlie the political theory, these being, that the "working proletariat" are themselves in a majority, can be united in action, and could dispossess the capitalists of their property by merely voting them out of it; all three being, I am inclined to agree, "ridiculously untrue."

I agree also that the power of any union, or group of unions, in any trade depends on the monopoly it can create in its labour, and that this, if effective, would give the union great and direct, if not equal, power with the employers. But the assertion that it is within the power of any (in the sense of every) union to create such a monopoly seems to me untenable. If, or wherever, a complete monopoly could be created and maintained, I agree that "under such circumstances" any union might enter into a successful partnership either with employers or the State, which would, I suppose, result in some system of joint management.

Further light on the subject is supplied by the subjoined extract from the issue of 31st July, 1913, of the same publication:—

" . . . . Employers of labour so consolidated would meet their men on equal terms for the first time in history. Each side would possess a monopoly; the one of capital, the other of labour, and it would be impossible, given equal intelligence, for either party to make more out of the resulting production than the other. As a matter of fact, we confidently predict that the first union that controls the whole of its labour will be invited to enter into partnership with its federated employers upon equal terms. . . . . The question will then arise of what the State will do. Will the State be able to afford to see Capital and Labour united to profiteer at the public expense? A trust of capital is bad enough for the public, but what would the public say to a combined trust of Capital and Labour? The State, it is clear,



must intervene when the offer of co-partnership is made, and in place of the capitalists substitute itself. Thus would the first National Guild be formed, consisting on the one side of the State as the supreme owner of the means of industry, and, on the other, of a Guild possessing a complete monopoly of its labour. But this, as we say, though rationally clear and practically possible, though it affords the only intelligible means and definition of 'emancipation,' is still a dark saying to the Labour movement. And a dark saying it will remain until those who understand it and have no interested motive in delaying its recognition set about making it known and understood."

The "New Age," in its anticipation, looks forward to united and consolidated Labour coming to agreement with united and consolidated employers; trades or suitable groups of trades becoming in this way constituted as Guilds; and foresees danger from such powerful Capital and Labour trusts, which would force the State to interfere in the interest of the public (that is, of consumers) by substituting itself for the capitalist employers in the partnership with Labour.

The Guilds and their indispensable monopolies which might become dangerous are, at any rate, remote; but if conceivably they could be constituted and the dangers pressed, and if in order to safeguard the consumers' interest the State should, as suggested, substitute itself for the capitalist employers, would not the result approach closely to State Socialism, that is, to the system in which everyone, whether as producer or as consumer, would have to accept the decision of a central authority, however constituted, as to what they should do and what they should get, the system anathematised as the "Servile State?"

Apart from Guilds or monopolies, if improved Trade Union organisation can show a sufficient control of suitable labour, a partnership in the industry for which their members worked might reasonably be based on this control.

Such a combination need hold no unfair position, no danger to the public need be involved, no special supervision by the State need be demanded. Mutual goodwill would be the main advantage to be secured. Capital

and credit found by the employers would be balanced against the supply of labour found by the union. Administration might, by agreement, be provided jointly, initiative and control be shared, and if all pulled well together financial success might be achieved.

It would be a partnership-co-operation, having, perhaps, some advantages, and might take its place on equal terms amongst other forms of joint stock enterprise. Production would be for profit, and be worked on competitive lines. The profit or loss as between the two parties might be divided in the lump in such proportions, and subject to such prior charges or preferences (if any), as were called for by the partnership agreement; but would be distributed amongst the individual participants in each interest according to their own arrangements. It would provide no new basis. It would be merely a contribution to the great cause of co-operative industry, which finds its strength in variety of method with a common aim.

Not for this, nor anything like it, are the Syndicalists out, and not to any such feeble conclusion could the Editor of the "New Age" be held on behalf of Guild Socialism; for he, too, though milder in language, aims straight at revolution, and looks to force to achieve it. What is aimed at is a class victory for those regarded as the workers of the world; not as a social majority, which they do not claim to be, but as being the class that ought to rule.

Whatever shape Syndicalism assumes (and here I may include Guild Socialism); whatever the degree of intensity or ferocity displayed; all its adherents, the original exponents in France, their sympathisers in England, and the Industrial Workers of the World as organised from America, all dream of a millennium to be led up to by incessant war with the present employers, and to be consummated by the enforcement or effective threat of enforcement of a general strike, which would have all society at its mercy, and result in the destruction of "wage slavery" and its substitution by industries self-managed by the workers. There is no realisation of difficulties; all is supposed to happen with apocalyptic suddenness; society having but to burst its bonds and shake off all trammels to settle itself on just and beneficial lines—as was thought in 1793.



“Who should know better than those whose work it is how an industry should be conducted?” is the formula relied on even by sober Guild Socialists for industrial management. For initiative, they would trust the impulse of the moment; for guidance, intuition; and for recompense, equality of participation in results; with honour, no doubt, added, where honour is due.

State Socialists, on the other hand, recognise the need of costly training, as well as of various gifts, and would reward expert service with proportionate remuneration, as well as with honourable recognition; thus providing grades of distinction, though all from bottom to top would be servants of the State, and, so far as this can be called slavery, all would share it. In this regard slavery may perhaps be defined as being “ordered about,” but as we stand now, the characteristic of wage earning, in every grade of work, is honour rather than dishonour. The employed man ranks above the street seller; and the judge above the barrister. To wear a uniform, whether as soldier or railway porter, is the mark of a man, not a badge of disgrace.

Syndicalism, Guild Socialism, and State Socialism hold no terms with each other. They have made the Trade Unions their field of battle, and hence seem unlikely to assuage industrial unrest. My own proposals lie in the direction of associated industry, but are aimed directly at improved industrial conditions to be secured through the agency of the Trade Unions themselves.

## IX.

These proposals demand from unionists and their leaders a long-sighted view of their interests and a persistent policy. Can we look for these things?

The great work done by the unions in the past may under present depressing influences lack full appreciation. By prudent leadership and persistent policy their success was won, and, although I hold the underlying cause of failure to be economic, the immediate mischief appears to arise from disunion and absence of confidence amongst leaders and followers in each other, and in themselves. Does the fault lie with the leaders?

Preference for political over industrial methods may have been mistaken, and a boiling up of disappointment in results is very natural in response to inflated promises from new leaders, always ready to step forward; but it has been hard measure on the old leaders, and fatal to united and persistent policy. The process, too, repeats itself, as the new leaders facing facts recognise the limitations to their powers, and learn prudence, only to be in danger of rejection in their turn and replacement by untried men.

The position has been embittered by charges of disloyalty against former leaders; baseless and unworthy suspicions, for no cause has been more devotedly served. Loyalty is at once the commonest and noblest of all the virtues. Greatly to the credit of human nature, it springs from the soil, wherever space is offered it, but it seeks response. It withers under suspicion.

No combined effort can dispense with it, and, in fighting for the workman's place of dignity and profit in industry, the Trade Unionists are bound to fail if they cannot secure it.

I believe that the policy I now submit to Trade Union judgment is sound. If accepted, it will claim fidelity to a persistent course supported by loyalty to their leaders, to each other, and to their cause.

The objects to be secured are :—

1. Increase of industrial efficiency : production of goods or services.
2. Increase of the workman's contribution to this efficiency.
3. Increase of the share coming to the workman from the values produced.
4. Greater industrial stability, conducing to regularity of employment.
5. Improvement in conditions of employment.

Incidentally there should also be secured :

6. Better appreciation of each other's position by employers and employed.
7. More regard for the public interests they jointly serve.



8. More attention to general industrial conditions by the unions.

9. Recognition by employers, employed, and the public of the place filled by the unions.

10. Increased strength and wider influence of Trade Union organisation.

These objects would be approached from the Trade Union side by a change of policy, and be ultimately secured by co-operation with employers, involving corresponding change on their part.

The results could only come slowly, but the change in temper and outlook might be immediate.

The method suggested could be applied to any employment or group of trades enjoying Trade Union organisation.

The start would be made with a classification, by the Trade Unionists, from the Trade Union point of view, of all employers, whether large or small, whether employing union men or not, and including co-operative undertakings, so that the list may be complete of all those engaged in the trade under consideration.

This classification would have regard to such points as :—

(1) Efficiency and success in business management (without which all else is useless) ; (2) moral character—honesty, fairness, liberality, public spirit ; (3) relationship with their workpeople—pay, treatment, etc. ; (4) relationship with the unions.

The classification would be based on a comparison giving proportionate values to each point, the result being to place the employs in a certain order of acceptability.

Or, if this method is too elaborate, what is aimed at might perhaps be reached by a simple classification in three large groups—upper, middle, and lower—each containing its proportion, perhaps equal thirds, of the total numbers employed.

In whatever way arrived at, the employers of the upper group in the total of the employed would constitute those preliminarily accepted for the preferential treatment intended to follow.

The proportion accepted should be enough to safeguard the absolute needs of the public, while a larger proportion might remain subject to the full pressure of collective bargaining. I think one-third accepted to two-thirds not would serve. Whatever figure might be fixed, it should remain unaltered for some time, while the classification is periodically revised on its merits.

The object is progressive improvement upon the best existing conditions at the time in the trade to which the system is applied, to be secured and maintained by force of competition. No final approval is implied by acceptance; no final standard is established. Maximum and minimum should advance together.

In suggesting the basis of classification I have put the relationship with the unions last, and this is its proper position in the preliminary moves of the policy suggested. Some accepted relationship and "recognition," in every reasonable sense, will necessarily follow on the working of the proposed scheme, and to attach much importance to its previous existence would be a mistake. No satisfactory "recognition" of an agency can take place till those affected by it experience the usefulness of its action.

So much for a start in any industry or group of organised industries; and the wider the start the better. At the end of a year, perhaps, it might be possible to lay down a rule as regards the relationship of employers with the unions, to be framed in consultation with such of the accepted employers as would attend a meeting for that purpose.

This, if accomplished, would place recognition, so far as it went, on a proper mutual basis—recognition of employers by the unions, met by recognition of the unions by the employers—as a *fact*, without any bargain or undertaking on either side. But it would also be a first step in mutual action.

The immediate outcome might, perhaps, be the establishment, in such recognisant employs, of permanent joint committees, representing masters and men, for consultative purposes.

Discussion with willing employers of their relationship to the unions would rightly cover all matters of mutual concern, such as are the objects mentioned in the opening of the last section, and many others; and the same questions would remain to be threshed out in actual

operation by the permanent joint committees, when and where these are established.\*

On this foundation much might be built.

## X.

To some points in this discussion I would now turn before considering the character of the advantages to be accorded to the "accepted" employs, and the results to be looked for if the policy suggested were adopted, in regard to the increase of industrial efficiency and stability, and of the workman's contribution to it, and in regard to his participation in the results.

Strength and skill are the contribution of Labour; cost of buildings, tools, and mechanical power, that of Capital; while the application of labour, and the invention, as well as application, of the machinery and plant, and the creation of the links with the consumer to be served, constitute the contribution of Enterprise.

All these elements of success are open to remarkable possibilities of expansion.

Development of human strength and perfectibility of skill have been mostly displayed in fields of art and amusement; and primary selection of the individual is the basis upon which practise and training work marvels. These possibilities, which go beyond, and finally overwhelm, the mere distinction of professional and amateur, have been little considered in industry; but now, especially in America, the latent value to be found for industry in these ways is being realised. It lies in the recognition and encouragement of individuality, with willingness of the individual to be trained and co-operate.† Amazing results are shown, but not at all amazing when compared with the perfection reached by oarsmen or polo players, or shown in tennis tournaments or sword play or acrobatic feats, and beyond all

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\* Questions connected with apprenticeship and juvenile labour should undoubtedly come before the joint committees. The merely self-seeking interest of the employer may be to utilise a cheap form of labour; while that of the men may seem to lie in limiting the supply of skilled labour which they monopolise. The rights of the boys, and the various interests of the public in the matter, may thus be neglected; but in the clash of divergent selfish interests these considerations would surely emerge, and, perhaps, in the end become dominant.

† See long note at end of this section.



in the mastery of musical instruments and the miracles of handiwork in art.

Except comparatively, no one would suffer from individual development of strength and skill in industry; whatever a man attempts to do will profit by training, and individual selection, if it tends to give each person the task he is best fitted for, would seem to be pure gain. But it lies with the employer to assist, to encourage, and to deal justly.

The adverse influence of machinery upon individuality has been exaggerated, and so far as it does exist is largely unnecessary. It may bring about a change of the individual previously employed, and inflict much hardship upon him from loss of the value of his old practised skill, but a new skill and a new individuality should be evoked. That there is no place for skill or pride in the work of the machine operator is happily not true; but the employer may do much to find and express in the very machine itself these values for the character both of the work and of the man.

The productive values to be found in the workman's efficiency, great as they are, cannot compare with those which may be achieved by the bold use of capital, or follow the application of genius to enterprise. And if being on better terms with the employer can increase the individual value of labour, peaceful relations, which promise stability, will encourage bolder enterprise and justify increased expenditure on the perfecting of plant and enlargement of business from which, while the public is better served, joint benefit should result.

Employers, workers, Trade Unions, and the public all have much to learn. Better appreciation of each other's position by the masters and their men should beget mutual confidence, and bring them jointly face to face with the public interests they seek to serve. The Trade Unions would secure a very real recognition of the place they fill, and public opinion would respond in their favour.

That recognition in this shape would bring strength to the unions is sure, but their position, as it would be affected by what may be called the second part of these proposals, needs to be brought into consideration.

NOTE.—The following passage is quoted from F. W. Taylor, on "The Principles of Scientific Management" (*Harper*, New York, 1911):—

"During a period of nearly 30 years the employes of one company after another, including a large range and diversity of industries, have gradually changed from the ordinary to the scientific type of management. At least 50,000 workmen in the United States are now employed under this system; and they are receiving from 30 per cent. to 100 per cent. higher wages daily than are paid to men of similar calibre with whom they are surrounded, while the companies employing them are more prosperous than ever before. In these companies the output per man and per machine has on the average been doubled. During all these years there has never been a single strike among the men working under this system. In place of suspicions, watchfulness, and the more or less open warfare which characterises the ordinary types of management, there is universally friendly co-operation between the managers and the men."

Indeed, in the matter of industrial efficiency we have much to learn from America. A fairly wide comparison can be made between our census of production which relates to 1907 and that of the United States for 1909, and shows startling results. The comparison as made covers 26 separate occupations, which may be combined into six groups, as under; and the figures given include value of production, horse-power employed, and number of wage-earners, with proportions shown of value produced and horse-power employed per wage-earner.

Groups.	Production.	Horse-power.	Wage-earners.	Value per wage-earner.	Horsepower per 1,000 wage-earners.
1. TEXTILES, ETC. :—	£			£	
United Kingdom .....	173,634,000	1,470,940	714,559	243	2,060
United States .....	247,347,000	1,650,350	584,165	423	2,826
2. CLOTHING, ETC. :—					
United Kingdom .....	97,368,000	51,443	590,288	165	87
United States .....	354,478,000	291,443	772,444	459	378
3. GASWORKS, ETC. :—					
United Kingdom .....	49,435,000	137,668	113,840	434	1,209
United States .....	99,740,000	619,365	109,296	912	5,667
4. RAILWAY CARRIAGES, ETC. :—					
United Kingdom .....	13,187,000	38,824	48,482	272	801
United States .....	49,261,000	198,888	114,654	432	1,734
5. PAPER, PRINTING, ETC. :—					
United Kingdom .....	30,027,000	214,573	101,034	297	2,124
United States .....	214,697,000	1,629,612	379,984	565	4,289
6. FOOD AND DRINK :—					
United Kingdom .....	93,589,000	95,906	131,379	712	730
United States .....	168,964,000	495,538	122,234	1,382	4,054
TOTALS :—					
United Kingdom .....	457,240,000	2,009,354	1,699,582	269	1,182
United States .....	1,134,487,000	4,885,196	2,082,777	545	2,346

1. Cotton goods, silks, textile dyeing, etc., leather.
2. Boots and shoes, clothing, hats and caps, gloves, hosiery.
3. Lime, cement, gasworks, soap and candles, paint and varnish, matches.
4. Railway carriages and wagons, firearms and ammunition, clocks and watches, cutlery and tools.
5. Paper, cardboard boxes, pens and pencils, printing and publishing.
6. Brewing and malting, butter and cheese, cocoa, chocolate and confectionery.

It will be seen that, taking all these trades together, the proportion of value produced per wage-earner for the year's work is £545 for the United States as compared to £269 for the United Kingdom; but the values may

not be strictly comparable, the United States may obtain less *value* of goods for the *cost* than we do. But in any case the margin in favour of the United States is very large, and is clearly explicable by the proportion of machine-power used, which is as 2,346 per 1,000 wage-earners in the United States compared to 1,182 for the United Kingdom.

It is not to be supposed that we could at once adopt American methods; the circumstances of the two countries differ too much. Increase of trade must go hand in hand with improved mechanical appliances, or labour will be displaced; but the comparison undoubtedly shows how large a margin there remains for possible benefit either to the employer, the wage-earner, the capitalist, or the consumer.

I owe the suggestion of this table to a valuable article on "Great Britain's Poverty and its Causes," by Mr. J. Ellis Barker, which appeared in the *Fortnightly Review* for August, 1913.

## XI.

The policy of advantage to be given by Trade Union organisations to accepted employs would rest frankly on self-interest, as being a step likely to increase their own influence and power. It would involve no consultation or bargain with the employers selected, nor necessarily any direct communication with them; but it would be an open policy, and the facts would become known.

The best advantage that could be offered would be non-interference; securing freedom of action to the accepted employs; and, incidentally, some measure of stability calculated to increase their efficiency, and so strengthen their position as industrial leaders, a position of which good uses could be made.

Non-interference might well be complete; employers and employed being left to settle freely hours of work and terms of pay, as these practically could not fall behind, and would presumably tend to improve on, the standard fixed by the outside market for labour, the market of the unaccepted.

It would be comparatively unimportant at this point whether the labour in the accepted employs is union or non-union.

The advantage given would create competition in the use to be made of it amongst those that have it, and competition to qualify for it by those who would wish for it, but have it not. Not every employer would desire it, nor, if among a certain class of the more efficient, would need it; but cleavage would be created, and become increasingly effective, between those who do and those who do not find value in the human side of



their relations with their employés. The influence in this direction might be slow, but would be persistent.

The character and trade position of the non-accepted would also be gradually affected. There would be increased pressure upon the less efficient, as part of a general rise in the standard of business efficiency; and in any contest they may have with the Trade Unions their position would be weakened.

Whether for negotiation or fighting, the unions would be very strong, even dangerously so were it not that the suggested policy would only be successful if the unions can agree in its proper use. Agreement in misuse is improbable; and finally, if misused, the cleavage amongst employers would pass away and the chance with it. We should return to where we were, with an opportunity lost.

## XII.

Trade Unions are needed; their success is most desirable, and I seek it; but the policy here suggested is novel, and traverses the methods and ideals hitherto pursued. To be listened to at all is perhaps more than I can expect.

Trade Unionists aim at monopoly of labour to be secured by coercion of the unwilling, but have failed and will always fail to maintain it. I offer them a policy which does not require monopoly.

They rely mainly on strikes and feel uneasy about fighting funds. With sounder policy strikes would seldom be necessary, and funds would not be depleted.

They misunderstand the position occupied by Labour, causing it to throw away much value that it might have, while encouraging claims to values it has not, and which are beyond its reach. A changed policy might teach them to know their ground better and make firm their foothold.

The force of Trade Unions depends upon their membership, their funds, and their business knowledge; upon recognition by the employers and the public; upon the policy adopted and their concentration on it. At each point they stand to gain in proportion to the reality and vitality of the work they do. At each point I claim that the suggested policy would help them.

If success is achieved by the means I propose, membership will follow, and membership will bring money. Business knowledge will spring from intimacy with its workings, to be secured by a closer relationship with friendly employs. The reality of freedom from interference for the accepted employers; the reality of the force of Trade Union concentration upon the not accepted; the reality for the public welfare of the place taken by Trade Unions in industry; all these realities establish recognition. Recognition is their acknowledgment.

The powers of negotiation would be increased. Strikes would be less necessary and less frequent, and would tend to be more local in character. Their danger to the public would be minimised. But as a weapon when needed the strike would lose none of its force.

In the accepted employs the men would be as free as they are now, if dissatisfied, to drop their work individually or collectively. The men could, of course, consult the unions of which they were members—who should hinder them?—but the dispute and its settlement would lie between them and their employers. They would not be liable to be called out by their union; and if out would probably not qualify for strike pay, as the union could assume no responsibility for their action; but there would seem to be no reason for their ceasing membership if some financial abatement were made. An accession of members on these terms would be more likely.

The application of the policy would be gradual, and might even be experimental, feeling its way. A beginning would best be made, not so much where the unions are strong, as where good relations with Labour are already most appreciated. The trades in which Unionism is confident in its strength, and especially those in which conciliation in the event of dispute is already organised, have achieved something which, if not friendship, is at least recognition, and though they still have much to gain, may prefer at first to stand as they are.

The division into accepted and not accepted, one-third and two-thirds, or whatever the proportion adopted, would take effect in each trade, or group of trades, separately, and in some cases, such as railways or harbours, there might be division by districts also. The selection of the

best employs in each group is needed, not that of the best employers as a whole, for those might conceivably all be found in one trade. The object is the concentration of pressure, as and when requisite, on the remaining two-thirds, to be obtained without incurring the danger of serious interference with public requirements. Business would become less irregular, more capital would be applied to its expansion and the perfecting of its machinery, employment would be more steady, and increased production would make room for higher wages.

The policy may be more readily appreciated in bad times than in good, operating evidently to maintain wages against a threatened fall by eliminating the least successful employers. The available work would not be diminished, but would pass to the more successful competitors, whether among the accepted or otherwise.

When trade is buoyant the old policy shows its futility less. Wages do rise. But nothing is done to improve the character of the work given, or to emphasise the difference in value between good work and bad. It may become careless and unreliable, but can exact higher pay because employers are in a hurry, and anything will pass, especially with such as think more of immediate gain than of character. Employers of this kind are the greatest evil Labour has to face, but just as there are workmen whose character is such that they will do good work or none, so, too, there are masters who are no less honest, and whether masters or men, it is these that the Trade Unions should back in the industrial game.

### XIII.

In putting forward these proposals I trust largely to competition for securing soundly progressive results. Competition for the best trade, and for the best labour, between the accepted employers themselves and with the not accepted; and also amongst these last, down to the bottom of the list: a competition inevitable and permanent and entirely wholesome. I trust further to a competition within the accepted employs on the part of the men seeking to justify demands for higher wages by better service; and between departments and the foremen of departments in the obtaining of these results. And



finally I look to competition amongst trade groups, and amongst Trade Unions, claiming credit for difficulties conquered, peace maintained, and success achieved.

I have confidence in the results. I am confident of the goodwill that would be met with amongst the accepted employers; confident of the good uses they could make of liberty of action; and confident of the response of the independent workman, who knows his own value, and certainly never regards himself as "providing a commodity of which the price is fixed by the average subsistence cost of the proletariat"; nor need he, for the untapped resources of the world defy Malthusianism.

But my confidence would not have lent me the audacity to put forward my proposals if they could be regarded as standing in the way or interfering with any more complete scheme. They would plainly help forward Co-operation and Labour co-partnerships; they would in no way interfere with Municipal enterprise or State employment; they leave the whole field open to the advocates of Socialism, and might even be regarded as timid approaches to the dreams of Guild Socialism.

I can claim for them no completeness, but incomplete as they are, and insufficient as they may seem, they would, I believe, if carried out constitute a new balance of power in industry from which Labour could win every right of manhood.





1 England - Labour and Labouring class  
1 Trade unions